

CLORE LEADERSHIP PROGRAMME

Research Report

Positive Sums:

A study of inter-organisational cooperation in the UK arts & heritage sector

Nadine Andrews

England's Northwest Fellow 2005-6

July 2007

ACKNOWLEDGEMENTS

Thanks to:

Emma Anderson	Ruth Mackenzie
Robin Asby	Heather Maitland
Lyn Barbour	Penny Marrington
Clare Cooper	Claire McDade
Alan Davey	Aileen McEvoy
Roanne Dods	Alnoor Mitha
Greg Dyke	Hazel O'Keefe
Tanja Farman	Helen Palmer
Rose Fenton	Emma Parsons
Deirdre Figueirdo	Libby Raper
David Fleming	Alex Saint
Ian Griffin	Virginia Tandy
Katherine Hann	Penny Thompson
Dolan Hewison	Myna Tristram
Paul Kaynes	Hilary Wade
Rebecca Linley	Ivan Wadeson
Bernadette Lynch	Angharad Wynne-Jones

Academic supervisors:

Paul Anand and Elizabeth McMillan at The Open University

Contact:

Nadine Andrews
Cultural management research & consultancy
T. +44 7977 515 977
E. nad@fusedmusic.co.uk

CONTENTS	PAGE
1 INTRODUCTION	5
2 BACKGROUND	6
2.1 A Systems Approach to policy	6
2.2 Co-evolution	6
2.2.1 Coopetition	7
2.2.2 Focus on cooperation	7
3 THE RESEARCH	9
3.1 Methodology	9
3.1.1 Approach to working	9
3.1.2 Secondary research	9
3.1.3 Tit for tat	10
3.1.4 Primary research	10
4 RESEARCH FINDINGS	12
4.1 Motivation	12
4.1.1 Collaborative energy	13
4.1.2 Social contract	14
4.1.3 Condition of funding	14
4.2 Relationships	15
4.2.1 Personal connection	15
4.2.2 Reputation	16
4.2.3 Values	17
4.2.4 Leadership	19
4.3 Regulating the Partnership	21
4.3.1 Evidence	22
4.3.2 How upfront?	23
4.3.3 Control	24
4.4 Building Trust	25
4.4.1 Trust as emotion	25
4.4.2 Trust building	25
4.4.3 Knowledge as medium of exchange	27
4.4.4 Challenges to trust building	28
4.5 Challenges of Cooperation	29
4.5.1 The business model	29
4.5.2 Selfishness & altruism	31

5	CONCLUSIONS	34
5.1	Summary of Main Points	34
	5.1.1 System failure	34
	5.1.2 Coopetition	34
	5.1.3 Accountability culture	34
	5.1.4 People matter	35
	5.1.5 Positive intention	35
5.2	Recommendations	36
5.3	Final Comment	37
	BIBLIOGRAPHY	38

1 INTRODUCTION

This report is the culmination of research undertaken as part of my fellowship of the Clore Leadership Programme.

Based on primary and secondary research, it seeks to contribute to the body of knowledge on inter-organisational cooperation with an exploration of the topic through a collection of unusual lenses, which I have attempted to synthesise into a coherent whole.

The report begins with an explanation of the conceptual framework underpinning the research, thereby providing the context for the study and its findings.

It continues with a description of the research process: the methodology.

The third section presents the findings of the research. These are discussed with reference to the literature I reviewed and other sources of information such as conferences and workshops.

The report ends with a summary of the main points emerging from the research and observations about the implications of the findings. It offers recommendations for improving policy, so that it is better aligned with the realities of the sector and therefore better able to promote and foster collaborations with win-win outcomes that are worth the time and energy put in. It concludes with a summative comment about the research and suggestions for where it could go next.

2 BACKGROUND

2.1 A SYSTEMS APPROACH TO POLICY

The UK arts and heritage sector can be thought of as a system, the purpose of which is to offer opportunities for creative expression and cultural experiences. It comprises a wide variety of organisations and individuals engaged in activities from creating, producing, developing and promoting, to funding, advising and regulating the cultural products as well as the means of production and engagement with the public.

As a system it is an integrated whole; its properties arise from the relationships between its interconnected and interdependent parts; its behaviour affected by its environment, or context.

This system contains subsystems, networks within networks, each with its own complexities and emergent properties. These subsystems could be domains or disciplines like museums or live music, geographical clusters of arts providers, or organisations that cater for particular client groups. As a dynamic system, things are constantly changing so policy that might be effective at one point and place in time can become irrelevant even detrimental at another.

The cultural sector is, essentially, a network of relationships. Because the dynamic of the whole is determined by the nature of the relationships across the network, understanding these relationships – its ecology – is crucial to understanding the sector as a whole (or a subsystem of it). Without this, how can effective policy possibly be made – policy that seeks to not just ‘do no harm’ but to actually improve the viability, health and resilience of the sector?

2.2 CO-EVOLUTION

In the natural world, interdependent relationships are everywhere: parasite/host, predator/prey, symbiosis. That these are not necessarily mutually beneficial relationships does not alter the fact that these organisms *co-evolve*: they develop together in response to each other and to changes in their environment.

Interdependence and co-evolution are concepts that are much less well understood in the cultural policy world, where a reductionist approach prevails and the focus is still on individual organisations with relatively little account of interrelationships between organisations.

There are basically two types of relationship: cooperative and competitive. Neither is inherently good or bad: price-fixing for example, is a negative form of cooperation. And these relationships are not mutually exclusive:

"Competition can produce a very strong incentive for cooperation, as certain players spontaneously forge alliances and symbiotic relationships with each other for mutual support¹"

2.2.1 Coopetition

It is very likely that the organisations collaborating together are also simultaneously in competition with each other: for audiences, income, media profile, staff, performances/objects/exhibitions etc. This may be a deliberate action or it may be emergent or spontaneous. Organisations may not even be consciously aware that this is what is going on between them.

As a business strategy it is called 'coopetition' a term coined in the 1990s US computer industry.

Coopetition offers a theory of creating and capturing value where organisations cooperate in order to further their own self-interest.

Business is cooperation when it comes to creating a pie and competing when it comes to dividing it up. This duality can easily make business relationships feel paradoxical. But learning to be comfortable with this duality is the key to success²"

It is a multifaceted and multidimensional concept. There will not be complete congruence of interest or motive between the cooperating parties³, and the benefits will vary: it is a non-zero-sum⁴, or more accurately, a positive variable sum⁵ game because the mutual benefits are not necessarily fair. Critically, for one to win the other does not have to lose.

2.2.2 Focus on cooperation

Funding bodies love collaborative projects as they hold the promise of greater efficiency and value for money through the sharing or exchange of resources and the access to skills, knowledge, sources of income and markets that partnerships can bring.

Cooperating with others is a significant source of social capital for organisations, as it offers connections between individuals and institutions that can be economically valuable⁶.

The point of cooperation is to achieve more than is possible on one's own.

The benefits of cooperation should outweigh the costs, though it is often difficult to judge this in advance! A recent study by the Hay Group found

¹ M.M Waldrop, Complexity: The Emerging Science at the Edge of Order and Chaos, 1993 p185

² A. Brandenburger & B. Nalebuff, Coopetition, 1996 p259

³ G.B Dagnino & G Padula, Coopetition Strategy, 2002

⁴ Zero-sum game: the gain of one player is a loss for the other (win-lose)

⁵ Positive sum game: all players gain (win-win)

⁶ This is one of several definitions for social capital (from dictionary.com) and is the one I am using in this report

that a third of respondents reported that the costs of working with others had outweighed the benefits⁷. Effective collaboration is easier said than done.

In recent years the value of collaboration has been repeatedly expressed by policy makers and funders, and by commentators such as John Knell:

*"Arts organisations must embrace the principles implied within the recent Gershon review of public sector efficiency and apply them to the arts. In other words they must lend their support to the pooling of resources, whether that takes the form of back office and administrative support, marketing and HR resource, or centralised and shared production facilities"*⁸.

Charles Leadbetter in a paper for Arts Council England echoes this. However he goes on to say that:

*"Collaboration rarely emerges spontaneously: it needs to be facilitated and that requires resources"*⁹

Given the complexity of the cooperative relationships between organisations, the amount of time that is needed to build partnerships, and the lack of guaranteed benefits, merely exhorting organisations to collaborate or even making it a condition of funding is not sufficiently motivating on its own.

The sector-specific papers I reviewed talk about benefits of collaboration and indeed of the difficulties of doing it but stop short of an in-depth enquiry so the recommendations remain fairly generic. An exception is the recent Arts Council England publication 'Greater Than The Sum Of Its Parts' which does move beyond this and provides a useful practical guide to working in groups¹⁰.

A greater understanding of the factors that help or hinder cooperation would improve the chances of win-win outcomes emerging that are worth the time and energy put in. It would mean more intelligent policy could be produced – positive policy that with its enhanced understanding of the sector's ecology, supports the creation and maintenance of 'enabling conditions' where successful positive sum collaboration is more likely, and this in turn can help the sector become healthier, more resilient and resourceful.

⁷ Hay Group, Decisive Collaboration and the Rise of Networked Professionalism 2006

⁸ J. Knell, The Art of Dying, Mission Models Money 2005

⁹ C. Leadbetter, Arts organisations in the 21st century: ten challenges, 2006

¹⁰ H. Maitland & A. Roberts, Greater than the sum of its parts, 2006

3 THE RESEARCH

3.1 METHODOLOGY

3.1.1 Approach to working

The process was a non-linear journey with many twists, turns and iterations. I sought to find a coherent way of combining my interest in cooperation, game theory and co-evolution with policy, and discovered along the way the significance of reciprocity, the role of trust and the interplay between intellectual and social capital in co-evolution.

With an adherence to complexity theory¹¹ and its central tenets of self-organisation, emergence and the unpredictability of outcomes beyond a certain point in time, I allowed this process to be an emergent one; hence the twists and turns.

The research involves recursive levels of concern: the individual, the organisation, the sector.

A comprehensive literature review was beyond the scope of the study; I therefore gave my attention to sources that offered unfamiliar perspectives or inspired connections to other alluring avenues of approach.

Some of the language used in this report (e.g. players, defection, zero/positive sum game etc) reflects the influence of game theory on my thinking; definitions are provided in the footnotes.

I also use the terms 'cooperation' and 'collaboration' interchangeably.

3.1.2 Secondary research

Although there is paucity of literature looking specifically at collaboration in the cultural sector, there are numerous books, articles and academic papers on strategic alliances, partnerships and collaborations in the business world and in society in general.

One book in particular played an influential role in shaping the topics explored in primary research interviews: 'The Evolution of Cooperation' by Robert Axelrod.

Axelrod used game theory to conduct a tournament of computer programmes to find the strategy that won the most points in an iterated Prisoner's dilemma game¹². The findings describe the conditions necessary for cooperation to emerge and be a stable strategy.

¹¹ The study of the emergence of order and structure in complex and apparently chaotic systems (from dictionary.com)

¹² This is a game with 2 players, each of which can choose to cooperate with or defect (i.e. betray) the other player to maximise their own payoff. The iterated game is played repeatedly.

The concept of co-evolution introduced previously is demonstrated in Axelrod's finding that it is impossible for a player to be unaffected by the actions of others.

"What is effective depends not only upon the characteristics of a particular strategy, but also upon the nature of the other strategies with which it must interact"¹³

3.1.3 Tit for tat

Axelrod finds a key factor in successful cooperation to be *reciprocity*: quickly rewarding the other player's cooperation or punishing their 'defections'¹⁴.

For cooperation to be stable, it needs a cluster of players using the same strategy of reciprocity. To avoid run-away unending defections and enhance the stability of cooperation, Axelrod recommends the response should be slightly lower in strength than the provocation. As Mahatma Gandhi said *"An eye for an eye makes the whole world blind"*.

Reciprocity requires recognition of the other's strategy, clarity in your own behaviour, and memory of past interactions. Its effectiveness relies on durable relationships and the intention of future interactions - the 'shadow of the future', Cooperation benefits strongly from having the same individuals interacting over time.

Axelrod argues that because reciprocity can be self-policing, a central authority is not needed for cooperation. Nor are formal agreements, face-to-face negotiations, friendship, verbal communication or altruism. This is because people will learn through trial and error what the result of their action will be and act accordingly.

Axelrod posits that because of reciprocity trust is also not necessary. Other literature on collaboration for example 'Managing to Collaborate' by Huxham and Vangen¹⁵, say that trust is indeed important, partly because it is not always socially acceptable to ask for evidence of behaviour from your partners.

Intrigued by these differing views, the topic of evidence and trust became a focal point in my primary research. The role of trust in collaborations is an issue much discussed in this report. A definition of trust is provided in Chapter 4.

3.1.4 Primary research

Taking the broad question 'what are the factors that help or hinder inter-organisational cooperation in the arts and heritage sector?' as my starting point and informed by Axelrod's findings, I constructed a list of factors

¹³ R. Axelrod, Evolution of Cooperation 1990, p30

¹⁴ This is similar to the social psychology definition of reciprocity: in-kind positive or negative responses of individuals towards the actions of others (from Wikipedia)

¹⁵ C. Huxham & S. Vangen, Managing to Collaborate, 2005

that influence the nature and success of cooperation and used this as basis for the interview topics:

Background

Examples of collaborations; how and when set up; purpose of collaboration; motivations for involvement; added value of collaboration; risks

Self-regulation

How behaviour is monitored and responded to; what agreements are in place; evidence of behaviour and trust; consequences of response; incentives to defect

Influencing factors

Personal relationships; same individuals interacting over time; future interactions; power relations; leadership; values; competition; reputation; trust

Role of trust

Level of trust at start; how trust is built; what damages trust; how trust is managed; response to trust being abused; how lack of trust is dealt with

Having read around the subject I conducted 25 personal semi-structured interviews with a diverse range of key players in the sector.

I also had more informal conversations about the emerging themes with many more arts and heritage professionals.

4 RESEARCH FINDINGS

Key themes that emerged from the interviews relating to success of inter-organisational cooperation are:

- a) Impact of motivation (especially organic v externally imposed alliance)
- b) Nature of the relationship (personal relationships; reputation; sharing or understanding each others values; leadership)
- c) Regulating the partnership (evidence of other's behaviour or taking it on trust; questioning of behaviour; power dynamics)
- d) Building trust through reciprocity (exchange of knowledge, equality between partners)

These themes are inextricably interlinked but for greater clarity I will discuss each in turn, referring to literature on the subject and other sources of information e.g. lectures, seminars and conferences.

As you will see, trust is a topic that runs throughout. In the context of this report, trust is used to mean not just faith that a person will act in accordance with your expectations, but also confidence or reliance on their good qualities (e.g. fairness, honour, truth) and that they are working with positive intentions towards you.

This section ends with comment on the challenges of cooperation.

4.1 MOTIVATION

Arts and heritage organisations cooperate with each other and enter into collaborations, alliances or partnerships for these main reasons:

- To access funds that they would not get on their own
- To spread the cost and/or risk of achieving a goal
- To increase likelihood of achieving a goal or to achieve it faster by accessing other resources (e.g. skills, knowledge, ideas, technology, equipment, staff, facilities, money, markets)
- To increase intellectual capital by learning from other's knowledge and expertise
- Because they have to

Huxham and Vangen also specify: for professional development, making connections, changing the marketplace, moral imperative, and for hidden benefits¹⁶.

¹⁶ C. Huxham & S. Vangen, *Managing to Collaborate*, 2005

Because motivation influences attitudes and actions, the motivations with which people enter into a collaboration inevitably impact on the nature of that collaboration. This is explored from three different angles as follows.

4.1.1 Collaborative energy

From observation in interview it was clear that voluntary, self-initiated or organic collaborations where partners naturally gravitated towards each other were partaken in with a higher and more positive energy than those imposed or initiated by others. The difference in energy levels, body language and expression was very marked. As one interview subject remarked:

"Trying to engineer collaborations is just making life harder for yourself"

It appears to be harder to make imposed or externally initiated collaborations work in achieving something that is greater than the sum of its parts. One interview subject described such a partnership situation as:

"More an aggregate of individual interests than a true collaboration"

Access to money as the only motivator seems not strong enough for real cooperation to develop because as one said in interview:

"This is not enough to get you through problems - and you will hit hard times. If there is no glue [shared values] then it is hard"

Ambivalence about the partnership will make it less likely to work. As several interviewees observed, genuine commitment is needed because when things go wrong (as they will) that will help overcome obstacles. People want partners that will put in the same amount of time and effort. One interview subject asserted:

"In the end it always comes down to individuals and their personal interest in a project"

In 'Managing to Collaborate' Huxham and Vangen discuss the concept of 'collaborative energy' noting that:

"There is a lot of evidence that many collaborations make slow progress and others that die without achieving anything."¹⁷

This phenomenon of 'collaborative inertia' is one with which many of us are no doubt familiar. Given the resource-heavy nature of collaboration, one of the central messages of Huxham and Vangen's book is "*don't do it unless you have to*".

I would suggest that if the collaborative energy is low to start with, the outlook for success must be pretty grim.

Commenting on this report a youth worker in the public sector added that having ownership of the work, being able to express ideas, and working not in isolation but with others "*sharing visions and vibes*" creates a motivating way of working.

¹⁷ C. Huxham & S. Vangen, *Managing to Collaborate*, 2005 p3

4.1.2 Social contract

One way of explaining why imposed collaborations are less likely to work is by thinking of them as obligations that come as part of the social contract that people have with the State (and by extension its agent the funder), or as part of the unwritten contract that people have with the organisations they work for.

An accompanying resource document to Onora O'Neill's 2002 Reith Lecture on Trust explains that the social contract is problematic because it relies on people consenting to buy in to the deal that people give up rights in order to receive social order:

"If the obligation I have to obey the law is not natural, but a product of some sort of promise, then I can get out of it very easily by pointing out that I never made a promise! [There are] difficulties involved in trying to make people accept a deal negotiated by others on their behalf¹⁸"

Imposed collaborations therefore will only work if people accept that their organisations or funders are entitled to demand that they work in this way, and submit to their authority, trusting them that this is indeed in the greater interest. Any resistance to this contract with organisation or state will result in less than total commitment to the collaboration. This could explain why collaborations formed with one individual or part of an organisation, even if it is with the director or chief executive, does not mean the rest of the organisation will comply by acting as cooperatively. That collaborations are in reality between individuals rather than organisations is a finding discussed in the next section on the importance of personal connection in relationships.

4.1.3 Condition of funding

Funders may require organisations to work in partnership as a condition of grant. However, as Huxham & Vangen explain:

"Funding regimes that make collaboration a condition of a bid also imply a concern to achieve collaboration per se and often do not spell out a substantive reason for the condition... Process aims... are superordinate to substantive aims.¹⁹"

One interviewee explained that freeloaders were not challenged because the funder valued (or was perceived to value) the quantity of partners more than the quality of partnership. If there is pressure from funders for short-term results and not enough consideration for the longer term aims it may be regarded as not worth the time or effort to challenge inactive partners.

At a recent DEMOS/The Innovation Unit event²⁰ to launch their publication 'The Collaborative State', one of the writers recommended a way forward was to make collaboration with named partners a condition of funding.

¹⁸ J. Pike, The Social Contract, 2003

¹⁹ C. Huxham & S. Vangen, Managing to Collaborate, 2005 p90

²⁰ Launch event at The Innovation Unit, London 29/3/07

I would argue that such a directive is unnecessarily limiting and worse, could easily be counterproductive for reasons given above. If collaboration is to be a condition of grant, then a better way would be to leave it up to the organisation to find home-grown solutions and decide for themselves with whom to partner. This requires the state and its sponsored funding bodies to trust this process. We return to this issue of trust and the social contract later in this section (see Regulating the Partnership).

4.2 RELATIONSHIPS

4.2.1 Personal connection

The importance of personal relationships to successful collaborations was a recurring motif in interview. Genuine mutual respect and getting on with partners were frequently cited success factors. And when collaborations didn't work, this was quite often put down to the personalities of the individuals involved. Familiarity with strengths and weaknesses and preferences for communication and learning are important features of a good relationship.

The quality of personal relationships as an influencing factor in collaboration is underrated in the literature. However, it is clear from the interviews that it can make the difference between success and failure.

One literature source acknowledges the personal implicitly by encouraging us to think of alliances as *"relationships of social exchange as opposed to the traditional conception of the economic approach of alliances as transactions."*²¹

Perhaps because the UK arts and heritage sector is not exactly huge, the majority of interview subjects knew the partners with which they were collaborating, as individuals or as the organisations they represented.

Already knowing someone makes the job of collaboration easier: you may know their values, have worked with them before and so are familiar with their strengths and weaknesses, perhaps you already trust them. All those interviewed could appreciate the value of interacting with the same individuals regularly over time.

It may be easier to work with people you know, but one interviewee cautioned that it is easy to take someone you know for granted, to not spend enough time on the relationship, and to make assumptions about how they see things. Others said, *"old relationships can become stale, you need new people to disrupt – change agents"* and *"there is a danger in being too cosy"*. One observed that relationships between the main arts organisations felt 'mapped out' leaving little room for movement and for new entrants. Another noted that it also brings a risk of collusion or covering up to protect relationships or individuals.

²¹ A. Escriba-Esteve & M. Menguzzato-Boulard, Determinants of Partners' Behaviour in International and Domestic Strategic Alliances' 2002 p5

Because the individual is so important, interviewees reported often developing new partnerships with the same person as they change jobs. One interview subject revealed he deliberately courts individuals in organisations he wants to work with.

In an under-resourced sector where there is often not enough staff, little or no handover, exchange of information, or sharing of contacts between those leaving and those starting it is prudent to have more than one key contact in an organisation so if one leaves it does not signal the end of the collaboration.

An example given to support the assertion that *"its not organisations that collaborate – it's individuals"* was individuals attending meetings when their organisations (meaning other work colleagues, line managers etc) didn't want them to. The subject added:

"Even if directors come together it's still not organisations collaborating because they sign up and can tell their staff to do it but it's not the whole organisation buying into it"

It is quite common for collaborations to be initiated with one individual but the actual work to be delivered by others in the organisation, which can be tricky:

"Problems can occur when dealing with other people in the partner organisation with whom you have no personal relationship"

Although the individual is important, they do come attached:

"With hierarchical organisations, even if you are dealing with a great individual you are still aware you are dealing with an organisation. But individuals make a difference in huge machines such as local authorities. Individuals find ways round difficult rules. Without a key contact it is very hard to make things work."

Whilst the impact of the 'shadow of the future' as explored by Axelrod (where the intention to interact with the same individuals in future is a disincentive to defect) is an important influence, no one wants to get locked into relationships. As one interview subject emphasised *"it's not a marriage, it's a means to an end!"*

4.2.2 Reputation

Axelrod states that reputation can act as a deterrent to defection – people generally want to be thought well of, and don't want to damage their chances of getting work in future.

Reputation was important to new or small organisations and to those for example without buildings who need to collaborate with others to do work. The reputation sought can be broadly summarised as a) consistency in approach and b) delivery of commitments.

However, quite a different scenario emerged when talking about large established organisations such as local authority departments and venues, national museums and agencies, and the major London arts venues. These were more likely to be seen as acting as though the other less powerful partners should be grateful for just being at the table, and did

not actively seek to distribute power equally or work in a truly collaborative way. This not surprisingly caused a certain feeling of resentment that because of a power imbalance was not resolved – not a promising situation if you want to achieve outcomes of maximum win-win benefit. One interviewee commented on the big egos of some partners from large organisations that leads them to not take time to consult or prepare for meetings. Others said:

"If you have a building then people come to you and you can get away with being arrogant"

"The question is whether you leave a trail of destruction and bad feeling behind you. If you are in a strong enough position then you can get away with it"

The strength of incentive provided by reputation depended as one said on:

"What you think of your partner, what you want from them, are they of any consequence, will you need something from them in future etc"

So reputation appears to not be a deterrent if there is an marked and unresolved power imbalance and where the dominant party does not in reality consider equality to be sufficiently important (even if equality is one of its espoused organisational values) and isn't aware or doesn't care that it has a negative reputation in this regard.

One person in interview felt that past reputation – good or bad – is no guarantee of a successful alliance, and that:

"Integrity at organisational level has to be questioned because of the motivations and the way that people are subject to complex political pressures. You need an awareness of how people might act"

Another advised that reputation is difficult to control because *"partners tell different stories"*.

4.2.3 Values

There were some differences in opinion between the interview subjects with regard to the importance of sharing the same values with a partner to the success of the venture.

Certainly having shared organisational values was preferred, but it seemed not absolutely crucial to all; more important was understanding the other's values so you knew where you were with them. As one said, *"You just have better relationships with those of similar values"*.

It is useful to look at the notion of values more closely because when people talk about values they are often very vague, referring abstractly to the set of values that all people in the arts share. It's possible that people are vague because they don't know exactly what they mean or are unsure how to measure or describe them, or struggle to make an abstract notion tangible for example by articulating how it influences the way they work. There is a lack of a common language for talking about values.

Values (to be distinguished from the very different notion of value) are those principles and standards that both drive and set the parameters for behaviour. An employee should be able to use the list of organisational values to determine whether, and how, to pursue a particular course of action. Commonly cited values are: innovation, equality, diversity, creativity, accountability, and audience/user focused²².

In 'The Leader's Guide to Storytelling'²³, Stephen Denning distinguishes different types of values. Instrumental values are those that are adopted by the company because it is pragmatic to do so: it makes good business sense. Genuinely ethical values are those that are personally held and lived no matter what. These are values that go beyond what is necessary for the business strategy. There may be considerable overlap between personally held values and those of the organisation, or there may be some dissonance. Similarly, there may be overlap or dissonance between the values espoused by the individual or organisation and those actually practised - the operational values. Denning says, "*The hypocrisy involved in espousing values that are not acted upon generates significant distrust*"²⁴.

This may explain the response of one interviewee:

"A shared set of values helps to place you in the partnership more quickly but on an individual level these common values don't necessarily help"

There may also be differences between individual and organisational values and those desired by the collaboration or partnership itself.

So assuming that people know what they themselves mean by values (and that this definition is commonly understood), how do they know whether their values are shared? From interview, it appears that values are not often explicitly discussed; they are assumed, inferred or unconsciously felt. One interview subject who felt it was all about shared values said trusting another person was for her an immediate thing based on gut instinct.

According to recent research, people do make better difficult decisions using instinct than rational thought²⁵. Given the ambiguity of the concept and the potential dissonance or incongruity between espoused and operational values, gut instinct could indeed be a reliable and valid method for deciding with whom to work (if you are fortunate enough to be in that position). It is through your instinct that you could detect dissonance.

Denning recommends clarifying values explicitly and describes how values can be transmitted through narrative, through storytelling:

²² Whether these are actually values is debatable: a colleague commenting on this report asserted "these are not values but qualities that are valued"

²³ S Denning, *The Leader's Guide to Storytelling*, 2005

²⁴ *ibid* p132

²⁵ J McFadden, *Trust your instincts*, *The Guardian* 26/8/06

"It gives the detail needed to see the meaning of values in human lives... It's at the level of the nitty-gritty (sic) that people get a sense of what values are really about"²⁶

Although some shared purpose is essential, according to the evidence from interview, shared values are not – as long as they are known. A youth worker in the public sector commenting on this report articulated this as:

"Shared purpose makes the work effective, shared values drives the project to another level"

It is worth bearing in mind that problems in collaborations are often due to clashes in cultural values. The two most common cited in interview, interpreted using the Trompenaars Hampden-Turner 7 Dimensions of Culture model, are universalism v particularism (consistently sticking to the rules v adapting flexibly to circumstances) and present v future orientation (short v long term)²⁷. Recognising where a partner's values lie along this spectrum and how that impacts on their behaviour is crucial if damaging misunderstandings and conflict are to be avoided or at least mitigated.

Given the role of personal connection discussed previously and the potential for conflict that differences in values present, I would suggest that for collaborations to be anything more than a commercial transaction, sharing the same values would make that collaboration more effective, and certainly more enjoyable. Denning goes further stating that *"collaboration rests on shared values"*²⁸ and suggests that collaborations without shared values may work in the short term but the partners are unlikely to want to work together again in future.

4.2.4 Leadership

Leadership styles in the examples of collaboration discussed in interview included directive, negotiated and consensual, and advisory, depending on what was appropriate or expedient, but it was also influenced by the personality of the lead partner or chair. For example, some interview subjects were more concerned about developing meaningful personal relationships than others who felt getting the job done was of primary concern. The style of leadership affects the nature of the collaboration and the feelings that people have about it, which in turn affects collaborative energy.

It can be argued that for true collaboration it is the duty of the lead partner to try to ensure full and active participation of all parties, to actively seek to co-create a supportive climate that enables people to be open, and as one interviewee said, to give people space to think creatively. The lead partner would need to think about structure as well as process, and try to ensure that there are sufficiently strong incentives to encourage people to participate. Having said that, if each partner takes

²⁶ S Denning, *The Leader's Guide to Storytelling*, 2005 p139

²⁷ F. Trompenaars & C. Hampden-Turner, *Riding the Waves of Culture*, 2005

²⁸ S Denning, *The Leader's Guide to Storytelling*, 2005 p155

responsibility for their own active involvement, they are demonstrating personal leadership. "*Be the change you want to see in the world*" Mahatma Gandhi advised. This a very powerful position to take, as it does not rely on any one partner to do all the work.

This type of leadership to create 'enabling environments' requires respect for others' ways of seeing the world, equality between partners and openness about espoused and operational values. It also requires considerable intrapersonal skills, which is not acknowledged in the literature.

The Program on Negotiation at Harvard Law School includes a Summer Learning Forum course run by the Harvard Negotiation Insight Initiative called 'Beyond Yes One'. This course seeks to help participants develop intrapersonal skills to become 'masterful negotiators'. Their theoretical model of four archetypes²⁹ describes the associated core behaviours, behaviours in which we are often inflated or deflated. The aim is to become balanced in each and across each so that we come to a situation with the full repertoire of action and response at our disposal, unencumbered by the baggage of unhelpful patterns of behaviour.

The core archetypes and behaviours are³⁰:

- The sovereign who leads – concern with purpose (inflated when dictatorial, deflated when indecisive)
- The lover who feels – concern with people (inflated when flooded with emotions, deflated when cold and stoic)
- The warrior who get things done – concern with performance (inflated when burnt out, deflated when procrastinating)
- The magician who makes sense of things – concern with perspective (inflated when in analysis paralysis, deflated when rigid or blinkered)

This is a useful model for interpreting group dynamics. For example, when things need to get done, it's easy for the 'warrior' to dominate the 'lover' so the lead partner becomes insensitive to other's feelings, and does not recognise the need to address power imbalances in the group.

Having said all that, it is sometimes necessary to resort to what Huxham and Vangen call '*collaborative thuggery*³¹': using a degree of manipulative and political behaviour or taking a hard line in the interests of the collaboration.

It was stated in one interview that it is easier to work with partners who have readily available resources, and the interviewee had to make a conscious effort to remember to keep the small organisations involved.

Personal qualities cited by one interviewee as desirable in a partner apply to leaders: to not make mountains out of molehills and to have confidence when things go wrong.

²⁹ Informed by the seminal work of mythologist Joseph Campbell, who also influenced George Lucas' Star Wars stories

³⁰ This model from 2006 has since been slightly revised

³¹ C. Huxham & S. Vangen, *Managing to Collaborate*, 2005

Onora O'Neill states, "*Trust often invites reciprocal trust*³²". This echoes Axelrod's finding that the best strategy starts with being 'nice' i.e. cooperating so that others reciprocate in kind. O'Neill does add that trust can open the door to betrayal. Leaders may therefore need to take a leap of faith that others will not take advantage.

Axelrod finds that:

*"[As a strategy] not being nice may look promising at first, but in the long run it can destroy the very environment it needs for its own success*³³"

Commenting on this, a colleague explained:

"If you don't see the long term patterns i.e. the interconnections over time between events, then you carry on defecting and believe you are winning, but people do deals round the back that are not seen. 'Revenge is a dish best served cold'."

An essay in *The Collaborative State* asserts that there is a tendency for partnerships to be 'underled'. Although there may be very senior people with proven leadership capability in their own fields, there is sometimes an absence of collective leadership. The author Sue Goss proposes that as the decision to exercise leadership commits an individual to spend time and energy, people are cautious about doing so until the added value of the partnership is assured³⁴. This of course can lead to partnerships never getting off the ground.

This was echoed in interview. One reported that big partnerships often say, "*We need a coordinator*" because everyone is or feels too busy and no one wants or is able to take on the load of leading. Were it not for the strength of personality and commitment of one partner to drive it forward, the collaborative project, in the interviewee's view, would not have worked.

Leadership is explored further in the last section of this chapter 'Challenges of Cooperation'.

4.3 REGULATING THE PARTNERSHIP

It is through reciprocal action that cooperative relationships can be self-regulated. But to reciprocate in kind, you have to know what the other party has done in order to respond appropriately. Regular contact and checking that things are on track is essential. As one interviewee explained, interactions have to be frequent enough for group disapproval to make a difference. But as another noted, with not so much communication that you get bogged down by it.

³² 2002 Reith Lecture 2

³³ R. Axelrod, *The Evolution of Cooperation*, 1990 p52

³⁴ S. Goss, *How far have we travelled towards a collaborative state?* 2007

It should be noted that reciprocity might not necessarily be equally balanced in both directions. My academic supervisor commenting on this report offered these thoughts:

"Reciprocity is weak in the domain of gains but strong in the domain of losses. If someone does something nice, you might reciprocate but if they do something not nice, you are more likely to reciprocate³⁵."

This concurs with the findings of marketing research that audiences who have had a bad cultural experience are far more likely to talk about it to others than if they had had a good one. However, for reciprocity to work in regulating the partnership, balance must be present so particular attention needs to be paid to establishing this.

4.3.1 Evidence

Regulating the partnership through reciprocity is where evidence comes in - and trust - because you can't check everything and as Onora Neill says in the Reith 2002 lecture, *"all guarantees are incomplete"*.

I came across another reason why trust is important: it can *"help us determine when moral judgement is called for by screening out morally insignificant events"*³⁶. In other words, if you trust a partner, then them forgetting to supply necessary information will not set off alarm bells. In her article for Practical Philosophy, Miller continues:

"Without trust in these situations, all of this behaviour would be open to the full range of possible interpretations. Moral reflection would become so complex as to be impossible, and moral agency would be stunted."

The actual act of asking for evidence from a partner may be counter-productive because if interpreted by the partner as a sign of lack of trust it may damage the partnership. The issue here is whether the request for evidence is valid or not. If valid, then a reluctance or refusal to supply by the other party is an indicator that they are not to be trusted. If not valid, then the other party would be justified in questioning the relationship.

The degree to which interviewees were willing to explicitly question the behaviour of their partners varied enormously. Generally speaking, the importance of the partnership, the amount of money involved, the size of the project and the size/importance of the issue are strong determinants of what actions are taken to monitor and respond to partners. As one said:

"Confrontation has its place, but it's very time consuming and emotionally draining"

Another commented that *"explicit questioning needs the right context to support it"*, bringing us back to the role of the lead partner in co-creating an open and supportive climate. The paradox however, as discussed by O'Neill, is that transparency can encourage people to be less honest; if

³⁵ P. Anand, Open University 28/5/07

³⁶ J. Miller, Trust: the moral importance of an emotional attitude, 2000

they know information will be made public then there may be a temptation to 'massage the truth'³⁷.

A study conducted by KPMG/IDC³⁸ found that too few high tech companies audit their partners, relying instead on self-reporting from companies with which they have business relationships. Globally, only 6% said they audit even half of these relationships. Interestingly, it appears that the barriers to auditing self-reporting relationships are internal: an organisation's sales force is more worried about using a contract compliance program than the organisation's partner that is required to self-report. The authors warn that companies that don't audit their relationships run the risk of losing out either intentionally or more likely unintentionally through the sloppy practices of those partners.

A blog on this report states:

"Trust is a key to any business relationship. But as a U.S. president once said of the Soviet Union's intention to reduce its missile strength: 'Trust -- but verify'³⁹"

One interviewee suggested that although directors may be the ones around the table, delivery is by people lower down the organisation that are often in close contact with each other so it is harder for them to deceive one another. To know what is and what is not being done, senior management have to have good communication with those delivering the project.

4.3.2 How upfront?

There was a suggestion from one interview subject that there was a difference between the sectors with regard to questioning behaviour or raising issues, especially in matters of money.

This 'politeness' spectrum ranges from museums traditionally staffed at higher levels by "middleclass liberal do-gooders" who avoid unpleasant confrontation, to performing arts professionals who are more upfront, to creative industries folk who are even more so, to the private sector where people have little problem with 'politeness' as they need to meet the bottom line. This is of course a gross caricature but as it resonated with other interviewees there is perhaps some truth in it.

It also applies to different departments within an organisation: marketing people for example are generally more upfront in style than say education people.

Some interviewees noted differences between England and Australia (more upfront); England and Scotland (more upfront but aggressive with it, so difficult to engage with); the north and south of England; and urban and rural areas. This would make an interesting subject for further research!

³⁷ 2002 Reith Lecture 4

³⁸ Contract Compliance in the High Technology Industry, KPMG 2006

³⁹ <http://www.reed-electronics.com/eb-mag/blog/1450000145/post/230004223.html>

4.3.2 Control

Ways of controlling the partnership include written agreements, although these are regarded by interview subjects as useful more for the process of discussing and agreeing aims than as actual enforcers. It should be noted that these agreements about the partnership are separate to any relevant legal requirements that partners may have to work to such as child protection, or guidelines like 'Every Child Matters', or the Russell Commission's framework for youth action and engagement.

One interviewee cautioned,

"If you get to the stage of referring to the document then the relationship is already damaged. You can only control people so far".

Others emphasised:

"If people want to make things happen then never mind what's on paper, they will do it"

"It's naïve to think that an agreement will control how something is done because it is all done by people who will work around it [if they want to] There's only so much you can do to challenge and change people's behaviour, you have to know when its worth the effort."

In 'Greater than the sum of its parts', the authors briefly discuss group discipline, and report that the most successful groups have explicit agreement at the outset of member's expected behaviour and contribution, for example to attend a certain number of meetings or respond to emails within 24 hours, and as a result most find that their group is self-policing as members feel the onus is on them to change their behaviour or leave if they cannot fulfil the agreed criteria⁴⁰.

As with asking for evidence discussed earlier in this section, sanctions and penalties may be seen a sign of lack of trust, and almost all interview subjects were wary about introducing these into discussions or written agreements with partners for this reason.

So the very controls deployed to ensure the partnership is successful may have the opposite effect by damaging trust leading to a greater incentive for partners to cooperate less or defect altogether.

Similarly, external control of partnerships by funders through the use of targets, administrative requirements and reporting mechanisms could be seen as demonstrating a lack of trust.

In the Reith Lecture 2002, Onora O'Neill discusses the '*culture of suspicion*' generated by the behaviour of the government towards its citizens with its use of surveillance and discipline. Why should people trust the State (or its agent the funder) if the State doesn't trust them? In the words of Lao Tzu in 'Tao Te Ching' "*he who does not trust enough will not be trusted*". McGregor describes this in his Theory X and Theory Y theories of human motivation: if a manager does not trust his subordinates they

⁴⁰ H. Maitland & A. Roberts, Greater than the sum of its parts, 2006

will be untrustworthy, if he does trust them they will be trustworthy. The manager sets the feedback loop in motion.

This brings us back to the issues raised earlier in this report of leadership and the reciprocal nature of trust, and to the breakdown of the traditional social contract.

It is worth noting that trust between individuals is different to the trust that individuals may have (or not) with government or with institutions.

The findings of a research study exploring the concept of trust in public institutions conducted by MORI revealed:

"People make a distinction between individuals working for an organisation and the organisation as a whole.

The former tend to be trusted more; people trust those they have most contact with (such as front-line staff), while they are more suspicious of 'bureaucrats' or 'management'.

Also significant is a perception that there is something about 'the system' in itself that is inherently untrustworthy; whether it be internal targets or covering up mistakes, people perceive the organisation to subordinate the good intentions of individuals⁴¹."

4.4 BUILDING TRUST

4.4.1 Trust as emotion

Writing in the journal Practical Philosophy, Miller argues that trust is an emotional attitude, with a cognitive component in the form of felt apprehensions or imaginings⁴². This was echoed by one interviewee who stated that trusting someone was a 'gut instinct'.

Trust then, is not a rational process. This fits with findings in neuroscience relating to decision-making: namely that decision-making is '*feeling justified by logic*⁴³. Likewise, if evidence resonates, we accept it.

4.4.2 Trust building

Huxham and Vangen report that although the common wisdom may be that trust is necessary for successful collaboration, the common experience is that trust is frequently weak or lacking altogether, and suspicion is rife⁴⁴.

They explain trust building as a cyclical process within which positive outcomes form the basis for incremental trust development. It is a far

⁴¹ <http://www.ipsos-mori.com/publications/rd/trust.shtml>

⁴² J. Miller, Trust: the moral importance of an emotional attitude, 2000

⁴³ Dr A. Watkins at SOL-UK workshop on decision-making, 25/4/07

⁴⁴ C. Huxham & S. Vangen, Managing to Collaborate, 2005 p153

4.4.3 Knowledge as a medium of exchange

"Knowledge exchange forms the foundation for trust in corporate alliances, linking intellectual capital with social capital"⁴⁶

The paper from which this quotation is taken in the Journal of Internet Banking and Commerce explains knowledge as the foundation or lever of intellectual capital⁴⁷ and trust as the lever of social capital⁴⁸.

Building trust with partners especially those with different norms and values, it argues, requires the sharing of intellectual capital (knowledge exchange) of perceived equal value.

Enhanced social and intellectual capital is a valuable output of collaboration, and the interplay between them is crucial to understand.

Although interviewees acknowledged the mutual sharing of knowledge as critical to building trust, I found few examples in interview of collaborations that were truly open with free flowing information of perceived equal value. Those that were, described by one as *"dynamic and sparky,"* were much preferred. This links us back to the concept of 'collaborative energy' and the difference it makes to collaborative success.

Regular communication between parties does help ensure information flow as partners move at different speeds, but there is something else that hinders knowledge sharing: a belief that in helping other organisations by sharing information and ideas (which requires trust) this may damage one's own survival. This can be interpreted as an issue of values. Or as one said in interview:

"We have fantasies in our head about negative things that might happen"

Understanding cooperation will help directors cooperate more effectively as they realise that in order to win, it doesn't mean that others have to lose: it is a positive sum game!

It is true, however, that what begins as a win-win may turn downstream into win more-win less if one party is better able to apply the knowledge gained through the partnership to give it competitive advantage:

"Knowledge is simply the foundation of intellectual capital, not its equal. Possession of knowledge is one thing; its application and control is much more significant. Hence, firms may be willing to cooperate to share and develop jointly generic knowledge, which they then apply in their unique ways in differentiated products on the market.

The availability of that pool of generic knowledge adds value to the products of both firms, yet still allows them the freedom to compete with each other at the market level"⁴⁹

⁴⁶ E. Caravannis & J. Alexander, *Electronic Commerce and Knowledge Economics, Trust and Cooperation in a Global Business Environment*, 1997

⁴⁷ Intellectual capital: The business-related knowledge of a company's employees collectively (from Encarta.com)

⁴⁸ Social capital: The connections between individuals and entities that can be economically valuable (from dictionary.com)

The value that partners give to the information exchanged may change over time; what was at one time perceived as equal value exchange could later be regarded as imbalanced.

4.4.4 Challenges to trust building

Two structural features identified by Huxham and Vangen that tend to characterise collaborations are ambiguity of membership (e.g. who are the members, and what organisation if any do they represent) and the nested complexity of collaborations within collaborations. They state that these may act as barriers to the initiation of trust building.

Identifying with whom to build trust and being certain about which organisations they represent is not always obvious; it can be very difficult and time-consuming. Similarly, it can be very difficult to assess what the various sources of power are and where they lie.

Partners are likely to experience difficulties in agreeing aims. Herein lies a paradox of collaboration: each player brings something different to the game (their added value) which result from their organisational purpose, but it is this very difference in organisational purpose and motivation that makes negotiating aims difficult.

"In relation to trust building therefore, the implication is that a significant amount of trust is required simply to engage in a discussion about the future expectations of the collaboration⁵⁰"

The key here is to 'chunk up' in abstraction until common ground between all parties is reached.

Organisations may strive to take control in order to protect their own agenda and to influence other partner's and the collaboration's agendas.

As trust develops it can become a means for dealing with the risk of opportunistic behaviour by partners and vulnerability to others unfairly taking credit for joint efforts.

But with the development of trust, control processes can be weakened and this may result in an incentive to defect⁵¹. Trusting the other side also increases their ability to influence you⁵². One interview subject remarked that people use trust as a way to be complacent:

"They are busy with other things and don't take responsibility for a shared partnership. Everyone in the group trusts the Chair for her experience in this field, her motivation and hard work. They think this is great because it means they don't have to do it. They let the project move forward without really understanding it. They trust her to make sure the project will happen."

⁴⁹ E. Caravannis & J. Alexander, *Electronic Commerce and Knowledge Economics, Trust and Competition in a Global Business Environment*, 1997 p.10

⁵⁰ C. Huxham & S. Vangen, *Managing to Collaborate*, 2005 p162

⁵¹ G.B Dagnino & G Padula, *Coopetition Strategy*, 2002

⁵² R. Fisher & W. Ury, *Getting to Yes*, 1999 p190

Dagnino and Padula draw attention to the notion of a 'learning race' where one partner who has learnt or exploited what they wanted from the partnership, exits the alliance without regard for the others' interests. Private benefits outweigh the common benefits of the alliance, and damage to reputation is not a deterrent.

This possibility is highlighted by Huxham and Vangen:

"It is of significance that an increase in trust within a cohesive group, through increased sharing of perspectives and knowledge, may increase the possibility of 'spying organisation episodes'. As members of the group learn more from each other they may become more suspicious of the possibility for other organisations in the group 'going it alone' based on their increased knowledge⁵³."

Trust, as with knowledge exchange discussed above, may therefore be a source of temporary or sustained competitive advantage⁵⁴ particularly if the collaboration is treated as a one-off situation where the interconnections over time are not taken into account.

4.5 CHALLENGES OF COOPERATION

As Axelrod points out, the dilemma of cooperation is that helping the other player can be costly, and you may be tempted to get help but not give any yourself. The challenge is to get others to help you when they may be better off in the short term not doing so⁵⁵.

4.5.1 The business model

From evidence given in interview we can see how business models might influence cooperation.

Several interviewees felt that people lower down the organisation tend to work in collaboration more successfully than directors.

One said with regard to a partnership she was involved with:

"Staff are all talking about things whilst chief executives talk around things"

One hypothesis proposed is that self-interest at director level precludes them from working to a more cooperative business model. They are under pressure to ensure the viability of their organisations and possibly to meet targets set by funders. Those lower down are without these same pressures and so can more easily retain the values with which they entered the sector - their belief in the art or in education - and work in pursuit of the bigger picture, beyond the self-serving boundaries of their organisations, in a more diffuse model of partnership.

⁵³ Huxham & S. Vangen, *Managing to Collaborate*, 2005 p118

⁵⁴ Definition of competitive advantage = resources diminish in value when shared

⁵⁵ R Axelrod, *Evolution of Cooperation*, 1990 p173

One interviewee thought:

"Directors are protecting their own position, and do not readily admit they don't know things or can learn things. They have a defensiveness about them"

Furthermore, there was a suggestion that for directors to get to that position, to develop upwards through a hierarchical organisational model, they must possess a not small amount of ego-driven ambition, which inhibits wider collaboration.

A not altogether dissimilar explanation is offered in the DEMOS publication *The Collaborative State*. Tom Bentley maintains that expert knowledge in government through the 19th and 20th centuries was organised into silos and governed through vertical chains of hierarchy and accountability. He continues:

"While political power is measured by the size of the departmental portfolio, and civil service careers progress towards the pinnacle of hierarchy through control of ever-expanding chunks of organisation, the tendency towards organisational co-production at the top of government is always going to be limited⁵⁶."

It may be because of these business models that it is more common between directors to see a series of bi-party collaborations with a central lead partner or coordinator than multi or whole group collaborations. In these instances, trust is necessary with the centre but not necessarily all between each other, and the outcome is likely to be no more than just the sum of the parts.

It was proposed in interview that some leadership models in organisations mitigate against collaboration: for example in institutions where the Artistic Director reigns supreme, people are not used to taking responsibility and authority. With this rigid model it is difficult to form collaborations.

There was some frustration at large organisations tending to move more slowly, which could only be countered by individuals in these organisations being given the power to run with the collaborative project. This of course requires a more diffuse model of leadership (which requires trust) than most hierarchical organisations allow. As the pioneering systems thinker Russ Ackoff said in a lecture, *"release potential by giving people permission to be leaders⁵⁷"*.

It is fascinating to compare these findings with results of the Bavelas Experiment, conducted by Alex Bavelas in the late 1940's and 50's with further work by Walter Lee and Paul Pangaro⁵⁸. The results show that with anything other than the most simple of situations, a ring configuration (where communication is with the adjacent neighbour) is a much more effective and efficient communication model than a star configuration (where communication is only with the centre) because in a ring, shared

⁵⁶ T. Bentley, *Evolving the Future* 2007

⁵⁷ Russ Ackoff lecture at SOL-UK event, 29/1/07

⁵⁸ R. Asby, unpublished paper summarising the Bavelas Experiment, 2007

experience is established which improves the relevance of messages and develops common understandings. Shared experience also builds trust.

Hierarchical organisations are notorious for communications only travelling down and nothing percolating up (as in the star configuration). A typical way for directors to establish common understanding is to surround themselves with people who share their view of the world. This avoids the problem and has obvious consequences of its own.

4.5.2 Selfishness and altruism

Looking at these challenges to cooperation from a wider social context is very interesting. An accompanying resource to the Reith 2002 lecture states:

*"Marx described capitalism as a society of mutual competition and highlighted the potential for a conflict between the interest of the individual and the interest of society as a whole. Trust, according to Marx, would be difficult to establish and maintain in a capitalist society"*⁵⁹

Richard Sennet agrees with this, writing:

*"What is corroded by modern capitalism are things like the experience of trust, which is a fundamental commitment – whether you can be trusted, whether you can trust the people you work with and so on. If you have very short-term superficial relations with people, you are never going to develop trust"*⁶⁰

An alternative perspective is offered by the concept of '*strong reciprocity*': the altruistic rewarding of others for cooperative behaviour and altruistic punishment for non-cooperative behaviour. Strong reciprocators bear the cost of rewarding or punishing but gain no individual economic net benefit from their acts. This behavioural propensity leads to almost universal cooperation in circumstances in which purely self-interested behaviour would cause a complete breakdown of cooperation. Experimental economists writing on this topic say this suggests that strong reciprocity is a powerful device for the enforcement of social norms⁶¹, and anthropologists are interested in this as an explanation of how humans have become "*by far the most cooperative species of creature on Earth*".⁶²

This does give us hope, however I have to say I did not find much evidence of strong reciprocity described in interview. Indeed one interviewee observed that traditional arts organisations are becoming increasingly 'macho' - more competitive with a win-lose mentality.

And there is evidence that might support this. In July 2006, the Henley Centre published its annual findings of a question it has asked for the past 20 years: '*Do you think the quality of life in Britain is best improved by a)*

⁵⁹ The Philosopher's Hall of Fame, 2004

⁶⁰ R Sennett, *The Corrosion of Character, The Personal Consequences of Work in the New Capitalism*, quoted in *Its All About Me*, *The Guardian* 8/7/06

⁶¹ E. Fehr & S. Gaechter, *Strong Reciprocity, Human Cooperation and the Enforcement of Social Norms*,

⁶² http://www.bbc.co.uk/radio4/science/frontiers_20051214.shtml

looking after the community's interests instead of our own; or b) looking after ourselves, which ultimately raises standards for all? From 1994 to 2000 the overwhelming majority chose 'a'. But since then the gap has been closing and in 2006 for the first time in a decade, a majority (53%) chose 'b'. The article in the Guardian that discussed these and others findings infers that selfish win-lose behaviour occurs more readily with strangers than friends, which is in alignment with the finding explored earlier of the importance of personal connection in successful collaborations. The article asserts it is easier to be selfish in a society that idealises self-fulfilment and self-expression. It also asserts that it is easier to be selfish in a society that promotes meritocracy because *"if the external world can neither damage nor advantage you, you might as well ignore it"*⁶³. That this is a patently false assumption doesn't stop people from acting as if it were true.

That we live in such a society is without question. The BBC documentary 'The Century of the Self' in 2002 told the story of the growth of the mass-consumer society in Britain and the US. It explored how the 'all-consuming self' was created through media advertising by big business that used psychoanalytical tools to tap into people's unconscious desires and control them as consumers. By exposing the illusion that power lies with the people, the documentary questioned the belief that the triumph of the self is the ultimate expression of democracy. The programme recognised however that the strength and power of the media and big business makes it difficult to dent their ability to continue to encourage people to feel unique in order to then sell them ways to express that individuality.

Oliver James discusses in 'Affluenza' the price we pay for our pursuit of self-interest: depression and psychic disorder⁶⁴.

Returning to the topic of values discussed earlier in this report, Stephen Denning in 'The Leader's Guide to Storytelling' distinguishes values from value and claims that:

*"...our culture has become obsessed with the single overriding value of winning... This attitude first became apparent in the sports world, but soon showed up in the business world, in the legal profession, and in every corner of society. When this perspective is adopted in the business world, the absence of values is all too apparent. Think of Enron"*⁶⁵

Denning believes there is a growing awareness among business leaders that

*"A total focus on value without reference to values is not only wrong, its not even good business"*⁶⁶.

⁶³ D. Aitkenhead, Its All About Me, The Guardian 8/7/06

⁶⁴ Cited in Its All About Me, The Guardian 8/7/06

⁶⁵ Denning, The Leader's Guide to Storytelling, 2005 p122

⁶⁶ *ibid.* p122

Taking all these findings and perspectives into account, we can be hopeful for the future that strong reciprocity and a positive sum, values-driven approach to working wins out over short-term self-interest.

Although we may have a tendency to judge the value of our own outcomes by comparing them with the outcomes of others, we would do well to remember the following:

"In a non-zero-sum world you do not have to do better than the other player to do well for yourself⁶⁷"

⁶⁷ R. Axelrod, *The Evolution of Cooperation* 1990 p112

5 CONCLUSION

In this final section I present a summary of the main points that emerge out of the research and offer recommendations for improving policy. It ends with a summative comment about the research and suggestions for where it could go next.

5.1 SUMMARY OF MAIN POINTS

5.1.1 System failure

A systemic approach as described in this report is very difficult to achieve with the current dominant approach to funding, concerned as it is primarily with the trajectories of individual organisations. Its use of targets and its requirement to account for individual performance promotes self-interest rather than the bigger picture. As Jake Chapman laments in his preface to the second edition of 'System Failure', the mechanistic and reductionist thinking which underlies evidence-based policy making is deeply embedded in the culture of government, making a systemic approach very difficult to adopt⁶⁸.

5.1.2 Coopetition

The tension between self-interest and the bigger picture is not resolved by dismissing self-interest as bad or undesirable – it undeniably exists as part of human nature. The great attraction of coopetition theory is the acceptance that we simultaneously compete and cooperate with others and furthermore that by cooperating we can further our own interests. This interdependence and co-evolution is found throughout the natural world.

5.1.3 Accountability culture

The accountability culture discussed by Onora O'Neill in her 2002 Reith Lecture, that aims at "*ever more perfect administrative control of institutional and professional life*⁶⁹" is indicative of a fundamental lack of trust. A fairly major shift in culture is needed here if we want more positive (and adult) relationships.

5.1.4 People matter

Cultural policy does not take into account the degree to which the success of a collaboration is heavily influenced by the nature of the relationship

⁶⁸ J. Chapman, System Failure, 2004

⁶⁹ 2002 Reith Lecture 3

between the members, which is itself influenced by the intrapersonal skills of the individuals involved. This factor is also understated in the literature.

That collaboration happens more on the level of individuals than organisations is a finding that presents challenges for policy makers for the very reason that it is difficult to control and plan or legislate for. People in the cultural sector do have this habit of frequently changing jobs!

However, a systemic approach recognises the ecological opportunities this movement of people and ensuing impact on the dynamics of collaborative working presents to the wider sector and to the end user, the public.

For reciprocity to work in bringing about collaborative success, the same individuals need to interact regularly over time and know that they will interact in future. If we take the position of looking at the interests of the sector as a whole, it doesn't matter whether those individuals are interacting in the same organisations or in different ones. As people change jobs they bring their knowledge with them; information flows through these ever-changing networks, over time the social links between the parts may strengthen and the intellectual capital of the sector may increase. The benefits are felt on a sectoral rather than organisational level, which is probably impossible to measure.

5.1.5 Positive intention

A major factor affecting whether a collaboration is successful or stalls in inertia is the energy in the system. Positive energy is generated by positive intentions about the collaboration and its goals, and success is more likely if all partners bring this to the table.

5.2 RECOMMENDATIONS

At the start of this report I proposed that in order to formulate intelligent policy aimed at positively improving the health and resilience of the arts and heritage sector, policy makers need a sophisticated understanding of the relationships and behaviour of the interconnected and interdependent parts and of the system as a whole.

This report explores the factors that influence the outcomes of collaborations. These findings could be used to support the creation and management of 'enabling conditions' where successful positive sum collaboration would be more likely to occur.

It would be fruitful for funders and policy makers to consider the following recommendations to improve policy:

- 1) Change the dynamic of funder-funded relationship from enforcer/regulator to enabler. At first glance this may seem idealistic but I believe it is possible if there is sufficiently strong leadership that is prepared to stick its neck out. They would then discover that the perception of this as high-risk is not justified, but rather that it is a timely move that resonates with the rest of the sector, and indeed the rest of society
- 2) View partnerships or collaborations as being embedded in long-term relationships that permit reciprocity, but that these relationships are not confined by organisational boundaries thus acknowledging that the relationships are more between people than organisations. Think ongoing process not one off initiative
- 3) Facilitate and promote personal links between people to diversify their networks and build new personal connections and social capital
- 4) Build incentives for collaboration into funding agreements (e.g. reward what is achieved through and with others) and ensure these incentives are greater than any short term advantages of not collaborating
- 5) Request collaborative working and the researching of possible partners and then allow people to work collaboratively with partners of their choice (setting long-term goals at the outset), and allow time for them to learn about each other
- 6) Recognise the impact of structure on collaboration. Large hierarchical organisations are less likely to have diffused leadership and to "*release potential by giving people permission to be leaders*"⁷⁰
- 7) Evaluate performance and set targets on a sector or sub-sector level. This would allow for a more flexible measure of performance of individual organisations that recognises that not all indicators and targets are relevant to all. It would result in more meaningful

⁷⁰ Russ Ackoff lecture at SOL-UK event, 29/1/07

information being produced that could be used to determine where interventions to create conditions for improving performance would be most useful

8) Start by trusting, then reciprocate in kind

5.3 FINAL COMMENT

The journey of researching this topic has been fascinating and has led to various interesting realisations with implications for policy.

But as my mentor on the Clore Leadership Programme Greg Dyke remarked:

"The findings and recommendations in this report ring true and are very interesting and useful. However, what I really want to know now is, how do I actually do the recommendations?"

So there is a natural next step: to test out these recommendations in practice with people in organisations who are willing to cooperate in an action research and action learning process. Any takers?

BIBLIOGRAPHY

Books, reports & papers

- Robert Axelrod, *The Evolution of Cooperation*, Penguin Books 1990
- Samuel Bowles, Ernst Fehr, and Herbert Gintis, *Strong Reciprocity and the Conditions for the Evolution of Altruism*, 25 November, 2003
- Adam Brandenburger and Barry Nalebuff, *Coopetition*, Profile Books 1996
- Giovanna Battista Dagnino and Giovanni Padula, *Coopetition Strategy A New Kind of Interfirm Dynamics for Value Creation*, paper presented at EURAM conference 2002
- Elias Caravannis and Jeffrey Alexander, *Electronic Commerce and Knowledge Economics, Trust and Coopetition in a Global Business Environment*, *Journal of Internet Banking and Commerce* July 1997 Vol. 2 no 3
- Jake Chapman, *System Failure*, 2nd edition, DEMOS 2004
- Stephen Denning, *The Leader's Guide to Storytelling*, John Wiley & Sons 2005
- Alejandro Escriba-Esteve & Martina Menguzzato-Boulard, *Determinants of Partners' Behaviour in International and Domestic Strategic Alliances*, paper presented at EURAM conference 2002
- Ernst Fehr, Urs Fischbacher, Simon Gaechter, *Strong Reciprocity, Human Cooperation and the Enforcement of Social Norms*, *Microeconomics / Economics Working Paper Archive at WUSTL*
- Roger Fisher and William Ury, *Getting to Yes*, Random House 1999
- Chris Huxham & Siv Vangen, *Managing to Collaborate*, Routledge 2005
- KPMG, *Contract Compliance in the High Technology Industry*, KPMG report 2006
- John Knell, *The Art of Dying, Mission Models Money* 2005
- Charles Leadbetter, *Arts organisations in the 21st century: ten challenges*, Arts Council England 2006
- Heather Maitland & Anne Roberts, *Greater than the sum of its parts*, Arts Council England 2006
- Jessica Miller, *Trust: The Moral Importance of and Emotional Attitude*, *Practical Philosophy* Nov 2000 Vol 3.3
- Simon Parker & Niamh Gallagher (editors), *The Collaborative State*, DEMOS 2007
- The Philosopher's Hall of Fame*, 2004 (downloaded from <http://www.open2.net/trust/index.html>)
- Jon Pike, *The Social Contract*, 2003 (downloaded from <http://www.open2.net/trust/index.html>)
- Fons Trompenaars and Charles Hampden-Turner, *Riding the Waves of Culture*, Nicholas Brealey Publishing 2nd edition 2005
- M.M Waldrop, *Complexity: The Emerging Science at the Edge of Order and Chaos*, Pocket Books 1993

Talks

Russ Ackoff at SOL-UK event, 29/1/07

Launch of DEMOS publication The Collaborative State, The Innovation Unit
29/3/07

Dr Alan Watkins at SOL-UK workshop on decision-making, London School of
Economics 25/4/07

Media

Decca Aitkenhead, Its All About Me, The Guardian essay 8/7/06

Adam Curtis, The Century of the Self, BBC documentary 2002

Frontiers, BBC Radio 4 science programme 14/12/05

Johnjoe McFadden, Trust your instincts, The Guardian 26/8/06

Onora O'Neill, 2002 Reith Lecture On Trust, BBC Radio 4